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Shanghai Jin Jiang International Hotels (Group) Company Limited*
上海錦江國際酒店(集團)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

ANNOUNCEMENT
INSIDE INFORMATION
COMPLETION OF CLOSING OF
TRANSFER OF THE ENTIRE EQUITY INTEREST IN HAC
AFTER SEGREGATION OF THE RETAINED ASSETS

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of Shanghai Jin Jiang International Hotels (Group) Company Limited (the “**Company**”) is pleased to announce that, on 3 May 2016 (Eastern Daylight Time, same hereinafter), closing of the transaction relating to the transfer of the entire equity interest in HAC after segregation of the retained assets was completed.

A. BACKGROUND

In 2010, CAPITAL GATHERING LLC (“**CG**”), a wholly-owned subsidiary of the Company, and THI V INCA LLC (“**THAYER**”) under THAYER HOTEL INVESTORS V-A LP jointly acquired INTERSTATE HOTELS & RESORTS, INC. (“**IHR**”), including its hotel management operations and certain proprietary hotel operations. The entity through which the two shareholders exercised control over IHR was HOTEL ACQUISITION COMPANY, LLC (“**HAC**”), which was owned as to 50% by each of CG and THAYER. CG has invested US\$111.5 million in HAC.

Pursuant to the “Equity Acquisition Agreement” between CG and THAYER (as the vendors) and KIHR BUYER, LLC, an independent third party (as the buyer), the buyer shall acquire from the vendors all equity interests in HAC after segregation of the retained assets (the “**Transaction**”). The retained assets shall include 5 retained proprietary hotels (namely, Hilton Arlington, Hilton Durham, Hilton Seelbach, Sheraton Columbia and Westin Atlanta Airport), retained proprietary hotel entities, retained joint ventures, etc..

Prior to the closing date, HAC established a special-purpose entity (namely, INCA HOTEL HOLDINGS COMPANY LLC) (“IHHC”) to hold all retained assets and undertake relevant responsibilities. Subsequently, HAC allocated its full interests in IHHC to CG and THAYER according to the ratio of their shareholdings in HAC (namely, 50:50).

On 2 May 2016, CG and THAYER entered into the “Amended and Restated Limited Liability Company Agreement for IHHC”, pursuant to which IHHC is a joint venture jointly owned by CG and THAYER for the holding of retained assets segregated from HAC.

B. CLOSING OF THE TRANSACTION

As at 3 May 2016, the vendors received a total of approximately US\$260 million through the HAC distribution and the Transaction, of which the purchase price for the Transaction has been determined as the cash purchase price of US\$295 million less the amount of net debt (including the ICBC Loan amounting to US\$128 million), adjusted by the net working capital and the joint venture adjustment, and after deduction of transaction expenses.

The aforesaid “ICBC Loan” refers to the loan agreement entered into between IHR and ICBC New York as disclosed in the announcement of the Company dated 31 March 2016, pursuant to which ICBC New York provided a bank loan with a total amount of US\$128 million to IHR. As at the closing date, the US\$128 million loan has been repaid to ICBC by the buyer, ICBC has released the pledge against shareholding interests in HAC held by THAYER, and the obligations of the Company under the extension arrangements of the 2013 stand-by letters of credit issuing agreements have also been released.

The Transaction does not constitute a discloseable transaction or connected transaction of the Company under the Listing Rules.

As at 3 May 2016, closing relating to the Transaction was completed. With the purchase amount received through the Transaction and the HAC distribution received, CG has recouped its investment costs and realized partial investment gains. Following the Transaction, CG continues to hold the retained assets, including 5 proprietary hotels, through IHHC.

By Order of the Board
Shanghai Jin Jiang International Hotels (Group) Company Limited*
Kang Ming
Executive Director and Joint Company Secretary

Shanghai, the PRC, 3 May 2016

As at the date of this announcement, the executive directors of the Company are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Xu Ming, Mr. Zhang Qian, Mr. Zhang Xiaoqiang, Mr. Han Min and Mr. Kang Ming; and the independent non-executive directors of the Company are Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin.

* *The Company is registered as a non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under its Chinese name and the English name “Shanghai Jin Jiang International Hotels (Group) Company Limited”.*